UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2024
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________
Commission file number 001-34365

COMMERCIAL VEHICLE GROUP, INC.
(Exact name of Registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**41-1990662** **(I.R.S. Employer Identification No.)**
7800 Walton Parkway **New Albany, Ohio** **(Address of principal executive offices)**	**43054** **(Zip Code)**

(614) 289-5360
(Registrant’s telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	CVGI	The NASDAQ Global Select Market

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer” “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the Registrant’s common stock, par value $.01 per share, at August 5, 2024 was 34,501,771 shares.

COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES
QUARTERLY REPORT ON FORM 10-Q

PART I. FINANCIAL INFORMATION

ITEM 1 – FINANCIAL STATEMENTS

COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(Unaudited) (In thousands, except per share amounts)			
Revenues	$ 229,906	$ 262,194	$ 461,974	$ 524,903
Cost of revenues	208,927	223,793	414,330	451,293
Gross profit	20,979	38,401	47,644	73,610
Selling, general and administrative expenses	20,219	22,457	40,312	43,022
Operating income	760	15,944	7,332	30,588
Other expense	207	307	419	105
Interest expense	2,488	2,804	4,739	5,694
Income (loss) before provision for income taxes	(1,935)	12,833	2,174	24,789
Provision (benefit) for income taxes	(334)	2,693	836	5,949
Net income (loss)	$ (1,601)	$ 10,140	$ 1,338	$ 18,840
Earnings (loss) per Common Share:				
Basic	$ (0.05)	$ 0.31	$ 0.04	$ 0.57
Diluted	$ (0.05)	$ 0.30	$ 0.04	$ 0.57
Weighted average shares outstanding:				
Basic	33,393	33,051	33,359	32,960
Diluted	33,393	33,429	33,834	33,312

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(Unaudited) (In thousands)			
Net income (loss)	$ (1,601)	$ 10,140	$ 1,338	$ 18,840
Other comprehensive income (loss):				
Foreign currency exchange translation adjustments	(1,297)	(1,051)	(3,856)	1,506
Minimum pension liability, net of tax	(391)	(147)	(858)	(7)
Derivative instruments, net of tax	(3,975)	1,298	(1,943)	2,641
Other comprehensive income (loss)	(5,663)	100	(6,657)	4,140
Comprehensive income (loss)	$ (7,264)	$ 10,240	$ (5,319)	$ 22,980

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2024	December 31, 2023
	(Unaudited)	
	(In thousands, except share and per share amounts)	
ASSETS		
Current Assets:		
Cash	$ 39,341	$ 37,848
Accounts receivable, net of allowances of $177 and $208, respectively	138,689	133,949
Inventories	132,556	128,082
Other current assets	35,634	27,863
Total current assets	346,220	327,742
Property, plant and equipment, net	75,530	73,468
Intangible assets, net	7,743	11,222
Deferred income taxes	34,158	33,568
Other assets, net	39,545	37,214
Total assets	$ 503,196	$ 483,214
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 100,810	$ 77,314
Accrued liabilities and other	49,557	52,562
Current portion of long-term debt and short-term debt	17,500	15,313
Total current liabilities	167,867	145,189
Long-term debt	124,458	126,201
Pension and other post-retirement benefits	9,593	9,196
Other long-term liabilities	31,671	29,696
Total liabilities	333,589	310,282
Stockholders' equity:		
Preferred stock, $0.01 par value (5,000,000 shares authorized; no shares issued and outstanding)	$ —	$ —
Common stock, $0.01 par value (60,000,000 shares authorized; 33,443,964 and 33,322,535 shares issued and outstanding respectively)	334	333
Treasury stock, at cost: 2,139,458 and 2,134,604 shares, respectively	(16,170)	(16,150)
Additional paid-in capital	267,230	265,217
Retained deficit	(44,846)	(46,184)
Accumulated other comprehensive loss	(36,941)	(30,284)
Total stockholders' equity	169,607	172,932
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 503,196	$ 483,214

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
	(Unaudited) (In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 1,338	$ 18,840
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation and amortization	8,974	8,673
Noncash amortization of debt financing costs	151	151
Pension cash reversion	—	2,942
Share-based compensation expense	2,013	1,526
Deferred income taxes	121	201
Non-cash loss (income) on derivative contracts	(475)	(689)
Change in other operating items:		
Accounts receivable	(5,555)	(20,501)
Inventories	(5,456)	11,408
Prepaid expenses	(3,688)	(2,292)
Accounts payable	24,414	(15,672)
Other operating activities, net	(11,605)	6,935
Net cash provided by operating activities	10,232	11,522
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(11,266)	(9,179)
Proceeds from sale of business	3,200	—
Net cash used in investing activities	(8,066)	(9,179)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of term loan facility	(6,563)	(4,375)
Borrowings under revolving credit facility	24,500	20,000
Repayment of revolving credit facility	(17,500)	(11,000)
Surrender of shares to pay withholding taxes	(20)	(788)
Other financing activities	(62)	4,056
Net cash provided by financing activities	355	7,893
EFFECT OF CURRENCY EXCHANGE RATE CHANGES ON CASH	(1,028)	380
NET INCREASE IN CASH	1,493	10,616
CASH:		
Beginning of period	37,848	31,825
End of period	$ 39,341	$ 42,441

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock						
	Shares	Amount	Treasury Stock	Additional Paid In Capital	Retained Deficit	Accumulated Other Comp. Loss	Total CVG Stockholders' Equity
				(Unaudited) (In thousands)			
Balance - December 31, 2022	32,826,852	$ 328	$ (14,514)	$ 261,371	$ (95,595)	$ (31,550)	$ 120,040
Share-based compensation expense	164,616	2	(764)	1,771	—	—	1,009
Total comprehensive income	—	—	—	—	8,700	4,040	12,740
Balance - March 31, 2023	32,991,468	$ 330	$ (15,278)	$ 263,142	$ (86,895)	$ (27,510)	$ 133,789
Share-based compensation expense	101,524	—	(24)	(245)	—	—	(269)
Total comprehensive income	—	—	—	—	10,140	100	10,240
Balance - June 30, 2023	33,092,992	$ 330	$ (15,302)	$ 262,897	$ (76,755)	$ (27,410)	$ 143,760
Balance - December 31, 2023	33,322,535	$ 333	$ (16,150)	$ 265,217	$ (46,184)	$ (30,284)	$ 172,932
Share-based compensation expense	3,438	—	(2)	664	—	—	662
Total comprehensive income (loss)	—	—	—	—	2,939	(994)	1,945
Balance - March 31, 2024	33,325,973	$ 333	$ (16,152)	$ 265,881	$ (43,245)	$ (31,278)	$ 175,539
Share-based compensation expense	117,991	1	(18)	1,349	—	—	1,332
Total comprehensive loss	—	—	—	—	(1,601)	(5,663)	(7,264)
Balance - June 30, 2024	33,443,964	$ 334	$ (16,170)	$ 267,230	$ (44,846)	$ (36,941)	$ 169,607

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

COMMERCIAL VEHICLE GROUP, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

(Amounts in thousands, except for share and per share amounts and where specifically disclosed)

1. Description of Business and Basis of Presentation

Commercial Vehicle Group, Inc. and its subsidiaries, is a global provider of systems, assemblies and components to the global commercial vehicle market, the electric vehicle market, and the industrial automation markets. References herein to the "Company", "CVG", "we", "our", or "us" refer to Commercial Vehicle Group, Inc. and its subsidiaries.

We have manufacturing operations in the United States, Mexico, China, United Kingdom, Czech Republic, Ukraine, Thailand, India, Australia and Morocco. Our products are primarily sold in North America, Europe, and the Asia-Pacific region.

We primarily manufacture customized products to meet the requirements of our customers. We believe our products are used by a majority of the North American Commercial Truck manufacturers, many construction vehicle original equipment manufacturers ("OEMs"), parts and service dealers, distributors, as well as top e-commerce retailers.

The unaudited condensed consolidated interim financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in the United States of America and the rules and regulations of the Securities and Exchange Commission and include the accounts of the Company and its subsidiaries. Except as disclosed within these condensed notes to unaudited quarterly consolidated financial statements, the adjustments made were of a normal, recurring nature. Certain information and footnote disclosures normally included in our annual consolidated financial statements have been condensed or omitted.

The preparation of financial statements in conformity with GAAP in the United States requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. We adjust such estimates and assumptions when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in these estimates resulting from continuing changes in the economic environment will be reflected in the consolidated financial statements in future periods.

These condensed notes to unaudited quarterly consolidated financial statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2023 (the "2023 Form 10-K"), which includes a complete set of footnote disclosures, including the Company's significant accounting policies.

2. Recently Issued Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2023-07, Improvements to Reportable Segment Disclosures (Topic 280). This ASU updates reportable segment disclosure requirements by requiring disclosures of significant reportable segment expenses that are regularly provided to the Chief Operating Decision Maker (“CODM”) and included within each reported measure of a segment's profit or loss. This ASU also requires disclosure of the title and position of the individual identified as the CODM and an explanation of how the CODM uses the reported measures of a segment’s profit or loss in assessing segment performance and deciding how to allocate resources. The ASU is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Adoption of the ASU should be applied retrospectively to all prior periods presented in the financial statements. Early adoption is also permitted. This ASU will likely result in us including the additional required disclosures when adopted. We are currently evaluating the provisions of this ASU and expect to adopt them for the year ending December 31, 2024.

In December 2023, the FASB issued ASU No. 2023-09, Improvements to Income Tax Disclosures (Topic 740). The ASU requires disaggregated information about a reporting entity’s effective tax rate reconciliation as well as additional information on income taxes paid. The ASU is effective on a prospective basis for annual periods beginning after December 15, 2024. Early adoption is also permitted for annual financial statements that have not yet been issued or made available for issuance. This ASU will result in the required additional disclosures being included in our consolidated financial statements, once adopted.

3. Revenue Recognition

We had outstanding customer accounts receivable, net of allowances, of $138.7 million as of June 30, 2024 and $133.9 million as of December 31, 2023. We generally do not have material other assets or liabilities associated with customer arrangements.

Revenue Disaggregation - The following is the composition, by product category, of our revenues:

	Three Months Ended June 30, 2024				
	Vehicle Solutions	Electrical Systems	Aftermarket and Accessories	Industrial Automation	Total
Seats	$ 66,239	$ —	$ 15,465	$ —	$ 81,704
Electrical wire harnesses, panels and assemblies	699	50,152	3,487	4,752	59,090
Plastic & Trim components	42,142	—	2,186	—	44,328
Industrial Automation	—	—	—	238	238
Cab structures	30,624	—	629	—	31,253
Mirrors, wipers and controls	1,200	—	12,093	—	13,293
Total	$ 140,904	$ 50,152	$ 33,860	$ 4,990	$ 229,906

	Three Months Ended June 30, 2023				
	Vehicle Solutions	Electrical Systems	Aftermarket and Accessories	Industrial Automation	Total
Seats	$ 70,895	$ —	$ 18,714	$ —	$ 89,609
Electrical wire harnesses, panels and assemblies	—	63,625	3,983	7,567	75,175
Plastic & Trim components	48,528	—	1,473	—	50,001
Industrial Automation	—	—	—	1,443	1,443
Cab structures	31,815	—	567	—	32,382
Mirrors, wipers and controls	1,492	—	12,092	—	13,584
Total	$ 152,730	$ 63,625	$ 36,829	$ 9,010	$ 262,194

	Six Months Ended June 30, 2024				
	Vehicle Solutions	Electrical Systems	Aftermarket and Accessories	Industrial Automation	Total
Seats	$ 129,693	$ —	$ 32,279	$ —	$ 161,972
Electrical wire harnesses, panels and assemblies	1,229	105,947	6,418	9,034	122,628
Plastic & Trim components	82,008	—	3,975	—	85,983
Industrial Automation	—	—	—	258	258
Cab structures	63,325	—	1,067	—	64,392
Mirrors, wipers and controls	2,559	—	24,182	—	26,741
Total	$ 278,814	$ 105,947	$ 67,921	$ 9,292	$ 461,974

	Six Months Ended June 30, 2023				
	Vehicle Solutions	Electrical Systems	Aftermarket and Accessories	Industrial Automation	Total
Seats	$ 147,886	$ —	$ 37,878	$ —	$ 185,764
Electrical wire harnesses, panels and assemblies	—	118,373	7,769	9,845	135,987
Plastic & Trim components	94,951	—	4,346	—	99,297
Industrial Automation	—	—	—	8,912	8,912
Cab structures	65,718	—	1,565	—	67,283
Mirrors, wipers and controls	4,760	—	22,900	—	27,660
Total	$ 313,315	$ 118,373	$ 74,458	$ 18,757	$ 524,903

4. Debt

Debt consisted of the following:

	June 30, 2024	December 31, 2023
Term loan facility	$ 135,000	$ 141,563
Revolving credit facility	7,000	—
Unamortized issuance costs	(42)	(49)
	$ 141,958	$ 141,514
Less: current portion of long-term debt	(17,500)	(15,313)
Total long-term debt, net of current portion	$ 124,458	$ 126,201

Credit Agreement
On April 30, 2021, the Company and certain of its subsidiaries entered into a credit agreement (the "Credit Agreement") between, among others, Bank of America, N.A. as administrative agent (the "Administrative Agent") and other lenders party thereto (the "Lenders") pursuant to which the Lenders made available a $150 million Term Loan Facility (the "Term Loan Facility") and a $125 million Revolving Credit Facility (the "Revolving Credit Facility" and together with the Term Loan Facility, the "Credit Facilities").

On May 12, 2022, the Company and certain of its subsidiaries entered into a second amendment (the "Amendment") to its Credit Agreement pursuant to which the Lenders upsized the existing term loan facility to $175 million in aggregate principal amount and increased the revolving credit facility commitments by $25 million to an aggregate of $150 million in revolving credit facility commitments.

On July 30, 2024, the Company and certain of its subsidiaries, as guarantors, entered into an Amendment No. 3, which amends the Credit Agreement. Amendment No.3 amends the terms of the existing Credit Agreement to limit the mandatory prepayment requirements for certain specified asset dispositions of the Company and certain of its subsidiaries.

At June 30, 2024, we had $7.0 million of borrowings under the Revolving Credit Facility, outstanding letters of credit of $1.1 million and availability of $141.9 million. Combined with availability under our China Credit Facility (described below) of approximately $11.0 million, total consolidated availability was $152.9 million at June 30, 2024. The unamortized deferred financing fees associated with the Revolving Credit Facility of $0.8 million and $1.0 million as of June 30, 2024 and December 31, 2023, respectively, are being amortized over the remaining life of the Credit Agreement. At December 31, 2023, we had no borrowings under the Revolving Credit Facility and we had outstanding letters of credit of $1.2 million.

Covenants and other terms
The Credit Agreement includes (a) a minimum consolidated fixed charge coverage ratio of 1.20:1.0, and (b) a maximum consolidated total leverage ratio of 3.00:1.0.

We were in compliance with these covenants as of June 30, 2024.

Repayment and prepayment
The Credit Agreement requires the Company to make quarterly amortization payments to the Term Loan Facility at an annualized rate of the loans under the Term Loan Facility for every year as follows: 5.0%, 7.5%, 10.0%, 12.5% and 15.0%. The

Credit Agreement also requires all outstanding amounts under the Credit Facilities to be repaid in full on the Maturity Date. See Note 15, Commitments and Contingencies, for the future minimum principal payments due on long-term debt for the next five years.

Foreign Facility

During the quarter ended March 31, 2023, we established a credit facility in China consisting of a line of credit which is subject to annual renewal (the "China Credit Facility"). The China Credit Facility was renewed during the quarter ended December 31, 2023, with availability of approximately $11.3 million (denominated in the local currency). We utilize the China Credit Facility to meet local working capital demands, fund letters of credit and bank guarantees, and support other short-term cash requirements of our China operations. We had no outstanding borrowings under the China Credit Facility as of June 30, 2024 and December 31, 2023. At June 30, 2024, we had $11.0 million (denominated in the local currency and this amount varies based on the currency conversion rate) of availability under the China Credit Facility.

Cash Paid for Interest

For the six months ended June 30, 2024 and 2023, cash payments for interest were $6.0 million and $6.6 million, respectively.

5. Intangible Assets

Our definite-lived intangible assets were comprised of the following:

		June 30, 2024			December 31, 2023		
	Weighted-Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trademarks/tradenames	22 years	$ 11,467	$ (5,942)	$ 5,525	$ 11,485	$ (5,758)	$ 5,727
Customer relationships	14 years	6,526	(4,730)	1,796	14,132	(10,071)	4,061
Technical know-how	5 years	9,790	(9,382)	408	9,790	(8,403)	1,387
Covenant not to compete	5 years	330	(316)	14	330	(283)	47
		$ 28,113	$ (20,370)	$ 7,743	$ 35,737	$ (24,515)	$ 11,222

The aggregate intangible asset amortization expense was $0.7 million and $0.9 million for the three months ended June 30, 2024 and 2023, respectively. The aggregate intangible asset amortization expense was $1.5 million and $1.7 million for the six months ended June 30, 2024 and 2023 respectively.

6. Fair Value Measurement

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels, and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 - Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2 - Observable inputs other than those included in Level 1. For example, quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.

Level 3 - Significant unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability.

Our financial instruments consist of cash, accounts receivable, accounts payable, accrued liabilities, pension assets and liabilities. The carrying value of these instruments approximates fair value as a result of the short duration of such instruments or due to the variability of the interest cost associated with such instruments.

Recurring Measurements

Foreign Currency Forward Exchange Contracts. Our derivative assets and liabilities represent foreign exchange contracts that are measured at fair value using observable market inputs such as forward rates, interest rates, our own credit risk and counterparty credit risk. Based on the utilization of these inputs, the derivative assets and liabilities are classified as Level 2. To manage our risk for transactions denominated in Mexican Pesos and Czech Crown, we have entered into forward exchange contracts that are designated as cash flow hedge instruments, which are recorded in the Condensed Consolidated Balance Sheets at fair value. The gains and losses as a result of the changes in fair value of the hedge contract for transactions denominated in Mexican Pesos are deferred in accumulated other comprehensive loss and recognized in cost of revenues in the period the related hedge transactions are settled. As of June 30, 2024, hedge contracts for transactions denominated in Czech Crown were not designated as a hedging instruments; therefore, they are marked-to-market and the fair value of agreements is recorded in the Condensed Consolidated Balance Sheets with the offsetting gains and losses recognized in other (income) expense and recognized in cost of revenues in the period the related hedge transactions are settled in the Condensed Consolidated Statements of Operations.

Interest Rate Swaps. To manage our exposure to variable interest rates, we have entered into interest rate swaps to exchange, at a specified interval, the difference between fixed and variable interest amounts calculated by reference to an agreed upon notional principal amount. The interest rate swaps are intended to mitigate the impact of rising interest rates on the Company and covers approximately 50% of outstanding debt under the Term Loan Facility. Any changes in fair value are included in earnings or deferred through Accumulated other comprehensive loss, depending on the nature and effectiveness of the offset. Any ineffectiveness in a cash flow hedging relationship is recognized immediately in earnings in the consolidated statements of operations.

The fair values of our derivative assets and liabilities measured on a recurring basis are categorized as follows:

	June 30, 2024				December 31, 2023			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets:								
Foreign exchange contract designated as hedging instruments	$ 151	$ —	$ 151	$ —	$ 1,318	$ —	$ 1,318	$ —
Interest rate swap agreement	$ 1,889	$ —	$ 1,889	$ —	$ 1,073	$ —	$ 1,073	$ —
Liabilities:								
Foreign exchange contract designated as hedging instruments	$ 1,704	$ —	$ 1,704	$ —	$ —	$ —	$ —	$ —
Foreign exchange contract not designated as hedging instruments	$ 216	$ —	$ 216	$ —	$ 304	$ —	$ 304	$ —

The following table summarizes the notional amount of our open foreign exchange contracts:

	June 30, 2024		December 31, 2023	
	U.S. $ Equivalent	U.S. $ Equivalent Fair Value	U.S. $ Equivalent	U.S. $ Equivalent Fair Value
Commitments to buy or sell currencies - Foreign exchange contract designated as hedging instruments	$ 83,055	$ 85,424	$ 56,741	$ 58,094
Commitments to buy or sell currencies - Foreign exchange contract not designated as hedging instruments	$ 13,655	$ 14,197	$ 16,608	$ 16,806

The following table summarizes the fair value and presentation of derivatives in the Condensed Consolidated Balance Sheets:

		Derivative Asset	
		Fair Value	
	Balance Sheet Location	June 30, 2024	December 31, 2023
Foreign exchange contract designated as hedging instruments	Other current assets	$ 120	$ 1,179
Foreign exchange contract designated as hedging instruments	Other assets, net	$ 31	$ 139
Interest rate swap agreement	Other assets, net	$ 1,889	$ 1,073

		Derivative Liability	
		Fair Value	
	Balance Sheet Location	June 30, 2024	December 31, 2023
Foreign exchange contract designated as hedging instruments	Accrued liabilities and other	$ 1,548	$ —
Foreign exchange contract designated as hedging instruments	Other long-term liabilities	$ 156	$ —
Foreign exchange contracts not designated as hedging instruments	Accrued liabilities and other	$ 213	$ 304
Foreign exchange contracts not designated as hedging instruments	Other long-term liabilities	$ 3	$ —

		Derivative Equity	
		Fair Value	
	Balance Sheet Location	June 30, 2024	December 31, 2023
Foreign exchange contracts designated as hedging instruments	Accumulated other comprehensive loss	$ (796)	$ 1,354
Interest rate swap agreements	Accumulated other comprehensive loss	$ 3,692	$ 3,484

The following table summarizes the effect of derivative instruments on the Condensed Consolidated Statements of Operations:

		Three Months Ended June 30,		Six Months Ended June 30,	
		2024	2023	2024	2023
	Location of Gain (Loss) on Derivatives Recognized in Income (Loss)	Amount of Gain (Loss) on Derivatives Recognized in Income (Loss)		Amount of Gain (Loss) on Derivatives Recognized in Income (Loss)	
Foreign exchange contracts designated as hedging instruments	Cost of revenues	$ 513	$ 1,242	$ 602	$ 1,693
Interest rate swap agreement	Interest expense	$ 403	$ 365	$ 819	$ 630
Interest rate swap agreement settled in 2022	Interest expense	$ 188	$ 188	$ 377	$ 377
Foreign exchange contracts	Other (income) expense	$ 304	$ (157)	$ 98	$ 312

We consider the impact of our credit risk on the fair value of the contracts, as well as our ability to honor obligations under the contract.

Other Fair Value Measurements

The fair value of long-term debt obligations is based on a fair value model utilizing observable inputs. Based on these inputs, our long-term debt fair value as disclosed is classified as Level 2. The carrying amounts and fair values of our long-term debt obligations are as follows:

	June 30, 2024		December 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Term loan and security agreement [1]	$ 134,958	$ 133,946	$ 141,514	$ 139,213
Revolving credit facility	$ 7,000	$ 7,000	$ —	$ —

1. Presented in the Condensed Consolidated Balance Sheets as the current portion of long-term debt of $17.5 million and long-term debt of $117.5 million as of June 30, 2024 and current portion of long-term debt of $15.3 million and long-term debt of $126.2 million as of December 31, 2023.

7. Leases

The components of lease expense are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Operating lease cost	$ 2,842	$ 2,373	$ 5,517	$ 4,721
Finance lease cost	31	41	65	88
Short-term lease cost	1,264	1,994	2,195	3,925
Total lease expense	$ 4,137	$ 4,408	$ 7,777	$ 8,734

Supplemental balance sheet information related to leases is as follows:

	Balance Sheet Location	June 30, 2024	December 31, 2023
Operating Leases			
Right-of-use assets, net	Other assets, net	$ 32,368	$ 31,165
Current liabilities	Accrued liabilities and other	7,434	7,502
Non-current liabilities	Other long-term liabilities	25,726	24,417
Total operating lease liabilities		$ 33,160	$ 31,919
Finance Leases			
Right-of-use assets, net	Other assets, net	$ 144	$ 205
Current liabilities	Accrued liabilities and other	94	108
Non-current liabilities	Other long-term liabilities	60	107
Total finance lease liabilities		$ 154	$ 215

Cash payments on operating leases were $5.2 million and $4.7 million for the six months ended June 30, 2024 and 2023 respectively.

Anticipated future lease costs, which are based in part on certain assumptions to approximate annual rental commitments under non-cancelable leases, are as follows:

	Operating		Financing		Total	
Remainder of 2024	$	5,460	$	51	$	5,511
2025		10,354		78		10,432
2026		8,207		30		8,237
2027		5,244		7		5,251
2028		3,770		—		3,770
Thereafter		17,883		—		17,883
Total lease payments	$	50,918	$	166	$	51,084
Less: Imputed interest		(17,758)		(12)		(17,770)
Present value of lease liabilities	$	33,160	$	154	$	33,314

8. Income Taxes

We recorded a $0.3 million tax benefit, or 17% effective tax rate for the three months ended June 30, 2024, and $0.8 million tax provision, or 38% effective tax rate for the six months ended June 30, 2024, compared to a $2.7 million tax provision, or 21% effective tax rate for the three months ended June 30, 2023, and $5.9 million tax provision, or 24% effective tax rate for the six months ended June 30, 2023. Income tax expense is based on an estimated annual effective tax rate, which requires management to make its best estimate of annual pretax income or loss. During the year, management regularly updates forecasted annual pretax results for the various countries in which the Company operates based on changes in factors such as prices, shipments, product mix, material inflation and manufacturing operations. To the extent that actual 2024 pretax results for U.S. and foreign income or loss vary from estimates, the actual income tax expense recognized in 2024 could be different from the forecasted amount used to estimate the income tax expense for the three and six months ended June 30, 2024.

For the six months ended June 30, 2024 and 2023, cash paid for taxes, net of refunds received, were $3.6 million and $5.9 million, respectively.

9. Pension and Other Post-Retirement Benefit Plans

The components of net periodic (benefit) cost related to pension and other post-retirement benefit plans is as follows:

	Non-U.S. Pension Plan			
	Three Months Ended June 30,			
	2024		2023	
Interest cost	$	347	$	358
Expected return on plan assets		(315)		(307)
Amortization of prior service cost		13		13
Recognized actuarial loss		199		192
Net cost	$	244	$	256

	Non-U.S. Pension Plan			
	Six months ended June 30,			
	2024		2023	
Interest cost	$	696	$	705
Expected return on plan assets		(632)		(602)
Amortization of prior service cost		26		25
Recognized actuarial loss		399		377
Net cost	$	489	$	505

Net periodic cost components, not inclusive of service costs, are recognized in other (income) expense within the Condensed Consolidated Statements of Operations.

10. Performance Awards

The following table summarizes performance awards granted in the form of cash awards under the equity incentive plans:

	Amount
Adjusted Award Value at December 31, 2023	$ 1,901
New grants	3,002
Forfeitures	(88)
Adjustments	(3,187)
Payments	(324)
Adjusted Award Value at June 30, 2024	$ 1,304

Unrecognized compensation expense was $2.0 million and $5.2 million as of June 30, 2024 and 2023, respectively.

11. Share-Based Compensation

The company's outstanding share-based compensation is comprised solely of restricted stock awards and performance stock awards to be settled in stock.

As of June 30, 2024, there was approximately $5.7 million of unrecognized compensation expense related to non-vested share-based compensation arrangements granted under our equity incentive plans. This expense is subject to future adjustments and forfeitures and will be recognized on a straight-line basis over the remaining period listed above for each grant.

A summary of the status of our restricted stock awards as of June 30, 2024 and changes during the six months ended June 30, 2024, are presented below:

	2024	
	Shares (in thousands)	Weighted-Average Grant-Date Fair Value
Nonvested - December 31, 2023	591	$ 7.66
Granted	490	6.15
Vested	(126)	9.00
Forfeited	(43)	6.92
Nonvested - June 30, 2024	912	$ 6.70

As of June 30, 2024, a total of 1.4 million shares were available for future grants from the shares authorized for award under our 2020 Equity Incentive Plan, including cumulative forfeitures.

12. Stockholders' Equity

Common Stock — Our authorized capital stock consists of 60,000,000 shares of common stock with a par value of $0.01 per share; of which, 33,443,964 and 33,322,535 shares were issued and outstanding as of June 30, 2024 and December 31, 2023, respectively.

Preferred Stock — Our authorized capital stock also consists of 5,000,000 shares of preferred stock with a par value of $0.01 per share, with no preferred shares outstanding as of June 30, 2024 and December 31, 2023.

Earnings (Loss) Per Share - Basic earnings (loss) per share is determined by dividing net income (loss) by the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share presented is determined by dividing net income (loss) by the weighted average number of common shares and potential common shares outstanding during the period as determined by the treasury stock method. Potential common shares are included in the diluted earnings per share calculation when dilutive.

Diluted earnings per share for the three and six months ended June 30, 2024 and 2023 includes the effect of potential common shares issuable when dilutive, and is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income (loss)	$ (1,601)	$ 10,140	$ 1,338	$ 18,840
Weighted average number of common shares outstanding (in '000s)	33,393	33,051	33,359	32,960
Dilutive effect of restricted stock grants after application of the Treasury Stock Method (in '000s)	—	378	475	352
Dilutive shares outstanding	33,393	33,429	33,834	33,312
Basic earnings (loss) per share	$ (0.05)	$ 0.31	$ 0.04	$ 0.57
Diluted earnings (loss) per share	$ (0.05)	$ 0.30	$ 0.04	$ 0.57

There were 367 thousand outstanding restricted shares awarded that were excluded from the calculation of diluted earnings per share for the three months ended June 30, 2024 and no outstanding restricted shares awarded were excluded from the calculation of diluted earnings per share for the three months ended June 30, 2023. There were 405 thousand outstanding restricted shares awarded that were excluded from the calculation of diluted earnings per share for the six months ended June 30, 2024 and 11 thousand outstanding restricted shares awarded that were excluded from the calculation of diluted earnings per share for the six months ended June 30, 2023.

13. Other Comprehensive Income (Loss)

The after-tax changes in accumulated other comprehensive income (loss), are as follows:

	Foreign currency translation adjustment	Pension and post-retirement benefits plans	Derivative instruments	Accumulated other comprehensive income (loss)
Balance - December 31, 2023	$ (23,227)	$ (11,896)	$ 4,839	$ (30,284)
Net current period change	(3,856)	(1,071)	(145)	(5,072)
Amounts reclassified into earnings	—	213	(1,798)	(1,585)
Balance - June 30, 2024	$ (27,083)	$ (12,754)	$ 2,896	$ (36,941)

	Foreign currency translation adjustment	Pension and post-retirement benefit plans	Derivative instruments	Accumulated other comprehensive income (loss)
Balance - December 31, 2022	$ (24,811)	$ (11,512)	$ 4,773	$ (31,550)
Net current period change	1,506	(213)	5,341	6,634
Amounts reclassified into earnings	—	206	(2,700)	(2,494)
Balance - June 30, 2023	$ (23,305)	$ (11,519)	$ 7,414	$ (27,410)

The related tax effects allocated to each component of other comprehensive income (loss) are as follows:

	Three Months Ended June 30, 2024			Six Months Ended June 30, 2024		
	Before Tax Amount	Tax Expense	After Tax Amount	Before Tax Amount	Tax Expense	After Tax Amount
Net current period change						
Cumulative translation adjustment	$ (1,297)	$ —	$ (1,297)	$ (3,856)	$ —	$ (3,856)
Net actuarial gain and prior service credit	(498)	1	(497)	(1,073)	2	(1,071)
Derivative instruments	(3,880)	1,009	(2,871)	(132)	(13)	(145)
Net unrealized gain (loss)	$ (5,675)	$ 1,010	$ (4,665)	$ (5,061)	$ (11)	$ (5,072)
Amounts reclassified into earnings:						
Actuarial loss and prior service cost	$ 106	$ —	$ 106	$ 213	$ —	$ 213
Derivative instruments	(1,495)	391	(1,104)	(2,370)	572	(1,798)
Net realized gain (loss)	$ (1,389)	$ 391	$ (998)	$ (2,157)	$ 572	$ (1,585)
Total other comprehensive income (loss)	$ (7,064)	$ 1,401	$ (5,663)	$ (7,218)	$ 561	$ (6,657)

	Three Months Ended June 30, 2023			Six Months Ended June 30, 2023		
	Before Tax Amount	Tax Expense	After Tax Amount	Before Tax Amount	Tax Expense	After Tax Amount
Net current period change						
Cumulative translation adjustment	$ (1,051)	$ —	$ (1,051)	$ 1,506	$ —	$ 1,506
Net actuarial gain and prior service credit	(250)	(2)	(252)	(214)	1	(213)
Derivative instruments	4,301	(1,208)	3,093	7,338	(1,997)	5,341
Net unrealized gain (loss)	$ 3,000	$ (1,210)	$ 1,790	$ 8,630	$ (1,996)	$ 6,634
Amounts reclassified into earnings:						
Actuarial loss and prior service cost	$ 105	$ —	$ 105	$ 206	$ —	$ 206
Derivative instruments	(2,430)	635	(1,795)	(3,652)	952	(2,700)
Net realized gain (loss)	$ (2,325)	$ 635	$ (1,690)	(3,446)	952	(2,494)
Total other comprehensive income (loss)	$ 675	$ (575)	$ 100	$ 5,184	$ (1,044)	$ 4,140

As of June 30, 2024, the Company estimates that net pre-tax derivative gains of $0.8 million included in Accumulated other comprehensive income (loss) will be reclassified into earnings within the next 12 months.

14. Cost Reduction and Manufacturing Capacity Rationalization

The Company's restructuring program includes aligning cost structure to support margin expansion. The program includes workforce reductions and footprint optimization across segments.

The changes in accrued restructuring balances are as follows:

	Vehicle Solutions	Electrical Systems	Aftermarket & Accessories	Industrial Automation	Corporate/Other	Total
December 31, 2023	$ 128	$ —	$ —	$ —	$ 983	$ 1,111
New charges	533	1,090	34	75	164	1,896
Payments and other adjustments	(533)	(1,090)	(34)	(75)	(540)	(2,272)
March 31, 2024	$ 128	$ —	$ —	$ —	$ 607	$ 735
New charges	3,236	1,379	197	116	—	4,928
Payments and other adjustments	(3,240)	(1,379)	(197)	(116)	(97)	(5,029)
June 30, 2024	$ 124	$ —	$ —	$ —	$ 510	$ 634

	Vehicle Solutions	Electrical Systems	Aftermarket & Accessories	Industrial Automation	Corporate/Other	Total
December 31, 2022	$ (5)	$ —	$ —	$ 458	$ —	$ 453
New charges	83	8	—	622	—	713
Payments and other adjustments	(78)	(8)	—	(369)	—	(455)
March 31, 2023	$ —	$ —	$ —	$ 711	$ —	$ 711
New charges	340	—	—	378	—	718
Payments and other adjustments	(340)	—	—	(391)	—	(731)
June 30, 2023	$ —	$ —	$ —	$ 698	$ —	$ 698

Of the $4.9 million costs incurred in the three months ended June 30, 2024 for restructuring, $4.5 million related to headcount reductions and $0.4 million related to facility exit and other; $4.7 million were recorded in cost of revenue and $0.2 million were recorded in selling, general and administrative expenses.

Of the $6.8 million costs incurred in the six months ended June 30, 2024 for restructuring, $6.0 million primarily related to headcount reductions and $0.8 million related to facility exit and other; $6.4 million were recorded in cost of revenues and $0.4 million were recorded in selling, general and administrative expenses.

15. Commitments and Contingencies

Leases - As disclosed in Note 7, Leases, we lease office, warehouse and manufacturing space and equipment under non-cancelable operating lease agreements that generally require us to pay maintenance, insurance, taxes and other expenses in addition to annual rental fees. As of June 30, 2024, our equipment leases did not provide for any material guarantee of a specified portion of residual values.

Guarantees - Costs associated with guarantees are accrued when it is probable that a liability has been incurred and the amount can be reasonably estimated. The most likely cost to be incurred is accrued based on an evaluation of available facts; where no amount within a range of estimates is more likely, the minimum is accrued. As of June 30, 2024 and 2023, we had no such guarantees.

Litigation - We are subject to various legal proceedings and claims arising in the ordinary course of business, including but not limited to product liability claims, customer and supplier disputes, service provider disputes, examinations by taxing authorities, employment disputes, workers' compensation claims, unfair labor practice charges, OSHA investigations, intellectual property disputes and environmental claims arising out of the conduct of our businesses.

Management believes that the Company maintains adequate insurance and that we have established reserves for issues that are probable and estimable in amounts that are adequate to cover reasonable adverse judgments not covered by insurance. Based upon the information available to management and discussions with legal counsel, it is the opinion of management that the ultimate outcome of the various legal actions and claims that are incidental to our business are not expected to have a material adverse impact on the consolidated financial position, results of operations, equity or cash flows; however, such matters are subject to many uncertainties and the outcomes of individual matters are not predictable with any degree of assurance.

Warranty - We are subject to warranty claims for products that fail to perform as expected due to design or manufacturing deficiencies. Depending on the terms under which we supply products to our customers, a customer may hold us responsible for some or all of the repair or replacement costs of defective products when the product supplied did not perform as represented. Our policy is to record provisions for estimated future customer warranty costs based on historical trends and for specific claims. These amounts, as they relate to the periods ended June 30, 2024 and December 31, 2023, are included within accrued liabilities and other in the accompanying Condensed Consolidated Balance Sheets.

On July 24, 2023, one of our customers issued a voluntary safety recall related to certain wiper system components supplied by us. To the extent a loss occurs that is attributed to us, we believe that we have reasonable levels of insurance coverage to mitigate recall exposure risk. It is reasonably possible that we will incur additional losses and fees above the amount accrued for warranty claims but we cannot estimate a range of such reasonably possible losses or fees related to these claims at this time. There are no assurances, however, that settlements reached and/or adverse judgments received, if any, will not exceed amounts normally accrued.

The following presents a summary of the warranty provision for the six months ended June 30, 2024:

Balance - December 31, 2023	$	1,458
Provision for warranty claims		842
Deduction for payments made and other adjustments		(1,114)
Balance - June 30, 2024	$	1,186

Debt Payments - As disclosed in Note 4, Debt, the Credit Agreement requires the Company to repay a fixed amount of principal on a quarterly basis and make voluntary prepayments that coincide with certain events.

The following table provides future minimum principal payments due on long-term debt for the next five years. The existing long-term debt agreement matures in 2027; no payments are due thereafter:

		Total
Remainder of 2024	$	8,750
2025	$	19,687
2026	$	24,063
2027	$	89,500
2028	$	—
Thereafter	$	—

16. Segment Reporting

Operating segments are defined as components of an enterprise that are evaluated regularly by the Company's chief operating decision maker ("CODM"), which is our President and Chief Executive Officer. Each of these segments consists of a number of manufacturing facilities. Certain of our facilities manufacture and sell products through multiple segments. Our segments are more specifically described below.

The Vehicle Solutions segment designs, manufactures and sells the following products:
- Commercial vehicle seats for the global commercial vehicle markets including heavy duty trucks, medium duty trucks, last mile delivery trucks and vans, construction and agriculture equipment in North America, Europe and Asia-Pacific. This segment includes a portion of the company's activities in the electric vehicle market.
- Plastic & Trim components primarily for the North America commercial vehicle market and power sports markets; and Cab structures for the North American medium-duty/heavy-duty ("MD/HD") truck market.

The Electrical Systems segment designs, manufactures and sells the following products:
- Cable and harness assemblies for both high and low voltage applications, control boxes, dashboard assemblies and design and engineering for these applications.
- The end markets for these products are construction, agricultural, industrial, automotive (both internal combustion and electric vehicles), truck, mining, rail, marine, power generation and the military/defense industries in North America, Europe and Asia-Pacific.

The Aftermarket & Accessories segment designs, manufactures and sells the following products:
- Seats and components sold into the commercial vehicle channels that provide repair and refurbishing. These channels include Original Equipment Service ("OES") centers and retail distributors, and are spread across North America, Europe and Asia-Pacific.
- Commercial vehicle accessories including wipers, mirrors, and sensors. These products are sold both as Original Equipment and as repair products.
- Office seats primarily sold into the commercial and home office furniture distribution channels in Europe and Asia-Pacific.

The Industrial Automation segment designs, manufactures and sells the following products:
- Warehouse automation subsystems including control panels, electro-mechanical assemblies, cable assemblies, and power and communication solutions.
- The end markets for these products primarily include e-commerce, warehouse integration, transportation and the military/defense industry.

Corporate expenses consist of certain overhead and shared costs that are not directly attributable to the operations of a segment. For purposes of business segment performance measurement, some of these costs that are for the benefit of the operations are allocated based on a combination of methodologies. The costs that are not allocated to a segment are considered stewardship costs and remain at corporate in our segment reporting.

The following tables present financial information for the Company's reportable segments for the periods indicated:

	Three Months Ended June 30, 2024					
	Vehicle Solutions	Electrical Systems	Aftermarket and Accessories	Industrial Automation	Corporate/Other	Total
Revenues	$ 140,904	$ 50,152	$ 33,860	$ 4,990	$ —	$ 229,906
Gross profit	11,557	3,167	6,447	(192)	—	20,979
Selling, general & administrative expenses	6,480	2,660	1,993	823	8,263	20,219
Operating income (loss)	$ 5,077	$ 507	$ 4,454	$ (1,015)	$ (8,263)	$ 760

	Three Months Ended June 30, 2023					
	Vehicle Solutions	Electrical Systems	Aftermarket and Accessories	Industrial Automation	Corporate/Other	Total
Revenues	$ 152,730	$ 63,625	$ 36,829	$ 9,010	$ —	$ 262,194
Gross profit	20,904	10,345	7,788	(636)	—	38,401
Selling, general & administrative expenses	6,769	2,686	2,262	1,425	9,315	22,457
Operating income (loss)	$ 14,135	$ 7,659	$ 5,526	$ (2,061)	$ (9,315)	$ 15,944

	Six Months Ended June 30, 2024					
	Vehicle Solutions	Electrical Systems	Aftermarket and Accessories	Industrial Automation	Corporate/Other	Total
Revenues	$ 278,814	$ 105,947	$ 67,921	$ 9,292	$ —	$ 461,974
Gross profit	27,785	7,721	12,886	(748)	—	47,644
Selling, general & administrative expenses	12,357	5,202	3,900	2,262	16,591	40,312
Operating income (loss)	$ 15,428	$ 2,519	$ 8,986	$ (3,010)	$ (16,591)	$ 7,332

	Six Months Ended June 30, 2023					
	Vehicle Solutions	Electrical Systems	Aftermarket and Accessories	Industrial Automation	Corporate/Other	Total
Revenues	$ 313,315	$ 118,373	$ 74,458	$ 18,757	$ —	$ 524,903
Gross profit	40,374	18,643	15,015	(422)	—	73,610
Selling, general & administrative expenses	12,847	4,914	3,913	2,501	18,847	43,022
Operating income (loss)	$ 27,527	$ 13,729	$ 11,102	$ (2,923)	$ (18,847)	$ 30,588

17. Other Financial Information

Items reported in inventories consisted of the following:

	June 30, 2024	December 31, 2023
Raw materials	$ 100,277	$ 98,371
Work in process	12,433	12,855
Finished goods	19,846	16,856
Inventories	$ 132,556	$ 128,082

Items reported in property, plant, and equipment, net consisted of the following:

	June 30, 2024	December 31, 2023
Land and buildings	$ 34,636	$ 34,072
Machinery and equipment	224,842	220,901
Construction in progress	7,486	6,536
Property, plant, and equipment, gross	266,964	261,509
Less accumulated depreciation	(191,434)	(188,041)
Property, plant and equipment, net	$ 75,530	$ 73,468

Items reported in accrued expenses and other liabilities consisted of the following:

	June 30, 2024	December 31, 2023
Compensation and benefits	$ 20,754	$ 23,659
Operating lease liabilities	7,434	7,502
Customer tooling projects	3,775	1,303
Accrued freight	3,034	2,679
Taxes payable	2,932	5,018
Accrued legal and professional fees	1,688	1,535
Warranty costs	1,186	1,458
Other	8,754	9,408
Accrued liabilities and other	$ 49,557	$ 52,562

18. Subsequent Event

On July 31, 2024, the Company and SVO, LLC ("Buyer") entered into a purchase agreement to sell its cab structures business with operations in Kings Mountain, North Carolina. Under the terms of the purchase agreement, Buyer will purchase substantially all of the assets of the Company's business of manufacturing and assembling structured products, including cabs for medium and heavy-duty vehicles, at its facility in Kings Mountain, North Carolina. The agreement is subject to the satisfaction of customary closing conditions and is expected to close in the second half of 2024. In connection with entering into the purchase agreement, the parties contemplate entering into a negotiated transition services agreement.

Pursuant to the terms of the purchase agreement, net proceeds of the transaction are expected to be $40 million, subject to adjustment for any variance of the actual value of inventory at closing from the estimated inventory value.

The majority of the proceeds from the transaction will be used for debt paydown and other general corporate purposes. Upon closing of the transaction, the Company expects to record a gain on sale in the range of $25 million to $30 million.

As a result of the proposed transaction, we expect our Kings Mountain business to be presented as a discontinued operation in the third quarter of 2024, its net assets classified as held for sale, and certain prior period amounts retrospectively revised to reflect these changes.

ITEM 2 – MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussion and analysis below described material changes in financial condition and results of operations as reflected in our condensed consolidated financial statements for the three and six months ended June 30, 2024 and 2023. This discussion and analysis should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our 2023 Form 10-K.

Business Overview

CVG is a global provider of systems, assemblies and components to the global commercial vehicle market, the electric vehicle market, and the industrial automation markets. We deliver real solutions to complex design, engineering and manufacturing problems while creating positive change for our customers, industries, and communities we serve.

We have manufacturing operations in the United States, Mexico, China, United Kingdom, Czech Republic, Ukraine, Morocco, Thailand, India and Australia. Our products are primarily sold in North America, Europe, and the Asia-Pacific region.

We primarily manufacture customized products to meet the requirements of our customers. We believe our products are used by a majority of the North American Commercial Truck markets, many construction vehicle OEMs and top e-commerce retailers

Key Developments

On July 31, 2024, the Company and SVO, LLC entered into a purchase agreement pursuant to sell its Cab Structures business with operations in Kings Mountain, North Carolina to a Volvo Group company, effective July 31, 2024. The net proceeds of the transaction are expected to be$40 million, with closure expected in the second half of 2024. The Company expects the majority of proceeds to be used for debt paydown and other general corporate purposes.

On July 30, 2024, the Company and certain of its subsidiaries, as guarantors, entered into an Amendment No. 3, which amends the Credit Agreement. Amendment No.3 amends the terms of the existing Credit Agreement to limit the mandatory prepayment requirements for certain specified asset dispositions of the Company and certain of its subsidiaries.

During the quarter ended June 30, 2024, the Company announced that it has retained an investment banking firm to explore strategic alternatives for its Industrial Automation business.

During the year ended December 31, 2023 and the six months ended June 30, 2024, management approved restructuring programs to align the Company's cost structure to support margin expansion in key focus areas. The programs include workforce reductions, footprint optimization, and fundamental reorganization initiatives that were implemented to drive efficiencies and reduce operating costs in line with our go-forward business and financial objectives. We incurred $6.8 million expense during the six months ended June 30, 2024, related to these programs.

Consolidated Results of Operations

Three Months Ended June 30, 2024 Compared to Three Months Ended June 30, 2023

The table below sets forth certain consolidated operating data for the three months ended June 30 (dollars are in thousands):

	2024	2023	$ Change	% Change
Revenues	$ 229,906	$ 262,194	$ (32,288)	(12.3)%
Gross profit	20,979	38,401	(17,422)	(45.4)
Selling, general and administrative expenses	20,219	22,457	(2,238)	(10.0)
Interest expense	2,488	2,804	(316)	(11.3)
Provision (benefit) for income taxes	(334)	2,693	(3,027)	NM[1]
Net income (loss)	(1,601)	10,140	(11,741)	NM[1]

1. Not meaningful

Revenues. The decrease in consolidated revenues resulted from:

- a $25.3 million, or 11.7%, decrease in OEM and other revenues;
- a $3.0 million, or 8.1%, decrease in aftermarket and OES sales; and
- a $4.0 million, or 44.6%, decrease in industrial automation sales.

The decrease in revenues of 12.3% is due primarily to a softening in customer demand in our Electrical Systems and Vehicle Solutions segments, the wind-down of certain programs in our Vehicle Solutions segment, and a decline in our Industrial Automation and Aftermarket segments.

Gross Profit. Included in gross profit is cost of revenues, which consists primarily of raw materials and purchased components for our products, wages and benefits for our employees and overhead expenses such as manufacturing supplies, facility rent and utilities costs related to our operations. The $17.4 million decrease in gross profit is primarily attributable to the impact of lower sales volumes, unfavorable mix and increased restructuring charges. Cost of revenues decreased $14.9 million, or 6.6%, as a result of a decrease in raw material and purchased component costs of $16.3 million, or 11.4%, offset by an increase in labor and overhead expenses of $1.4 million, or 1.7%. As a percentage of revenues, gross profit margin was 9.1% for the three months ended June 30, 2024 compared to 14.6% for the three months ended June 30, 2023. The three months ended June 30, 2024 results include charges of $4.7 million associated with restructuring programs.

Selling, General and Administrative Expenses. Selling, general and administrative ("SG&A") expenses consist primarily of wages and benefits and other expenses such as marketing, travel, legal, audit, rent and utilities costs, which are not directly or indirectly associated with the manufacturing of our products. SG&A expenses decreased $2.2 million compared to the three months ended June 30, 2023, primarily as a result of reduced incentive compensation expense, partially offset by an increase in salary expense and consulting spend during the 2024 period. As a percentage of revenues, SG&A expense was 8.8% for the three months ended June 30, 2024 compared to 8.6% for the three months ended June 30, 2023. The three months ended June 30, 2024 results include charges of $0.2 million associated with restructuring programs.

Interest Expense. Interest associated with our debt was $2.5 million and $2.8 million for the three months ended June 30, 2024 and 2023, respectively. The decrease in interest expense primarily related to lower average debt balances offset by higher interest rates on variable rate debt during the respective comparative periods.

Provision for Income Taxes. Income tax benefit of $0.3 million was recorded for the three months ended June 30, 2024 compared to an income tax expense of $2.7 million recorded for the three months ended June 30, 2023. The period over period change in income tax was primarily attributable to a $14.8 million decrease in pre-tax income versus the prior year period.

Net Loss. Net loss was $1.6 million for the three months ended June 30, 2024 compared to net income of $10.1 million for the three months ended June 30, 2023. The decrease in net income is attributable to the factors noted above.

Segment Results

Vehicle Solutions Segment Results

Three Months Ended June 30, 2024 Compared to Three Months Ended June 30, 2023

The table below sets forth certain Vehicle Solutions Segment operating data for the three months ended June 30 (dollars are in thousands):

	2024	2023	$ Change	% Change
Revenues	$ 140,904	$ 152,730	$ (11,826)	(7.7)%
Gross profit	11,557	20,904	(9,347)	(44.7)
Selling, general & administrative expenses	6,480	6,769	(289)	(4.3)
Operating income	5,077	14,135	(9,058)	(64.1)

Revenues. The decrease in Vehicle Solutions Segment revenues of $11.8 million was primarily driven by a lower customer demand and the wind-down of certain programs.

Gross Profit. The decrease in gross profit of $9.3 million was primarily attributable to lower customer demand, operational remediation investments and increased freight offset by a decrease in cost of revenues. The decrease in cost of revenues was driven by a decrease in raw material and purchased component costs of $2.2 million, or 2.5%, and a decrease in labor and overhead expenses of $0.3 million, or 0.7%.

As a percentage of revenues, gross profit margin was 8.2% for the three months ended June 30, 2024 compared to 13.7% for the three months ended June 30, 2023. The decrease in gross profit margin was primarily due to lower customer demand, restructuring activities and increased freight costs. The three months ended June 30, 2024 results include charges of $3.0 million associated with the restructuring program.

Selling, General and Administrative Expenses. SG&A expenses decreased $0.3 million for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. The three months ended June 30, 2024 results include charges of $0.3 million associated with the restructuring program.

Electrical Systems Segment Results

Three Months Ended June 30, 2024 Compared to Three Months Ended June 30, 2023

The table below sets forth certain Electrical Systems Segment operating data for the three months ended June 30 (dollars are in thousands):

	2024	2023	$ Change	% Change
Revenues	$ 50,152	$ 63,625	$ (13,473)	(21.2)%
Gross profit	3,167	10,345	(7,178)	(69.4)
Selling, general & administrative expenses	2,660	2,686	(26)	(1.0)
Operating income	507	7,659	(7,152)	(93.4)

Revenues. The decrease in Electrical Systems Segment revenues of $13.5 million primarily resulted from a global softening in the Construction & Agriculture end-markets and phase out of certain lower margin business.

Gross Profit. The decrease in gross profit of $7.2 million is primarily attributable to lower customer demand, restructuring activities, labor inflation and unfavorable foreign exchange impacts. Cost of revenues decrease was driven by a decrease in raw material and purchased component costs of $7.1 million, or 22.8%; partially offset by an increase in labor and overhead expenses of $0.8 million, or 3.5%.

As a percentage of revenues, gross profit margin was 6.3% for the three months ended June 30, 2024 compared to 16.3% for the three months ended June 30, 2023. The decrease in gross profit margin was primarily due to lower customer demand, restructuring costs, labor inflation, and unfavorable foreign exchange impacts. The three months ended June 30, 2024 results include charges of $1.4 million associated with the restructuring program.

Selling, General and Administrative Expenses. SG&A expenses remained flat within the three months ended June 30, 2024 compared to the three months ended June 30, 2023.

Aftermarket & Accessories Segment Results

Three Months Ended June 30, 2024 Compared to Three Months Ended June 30, 2023

The table below sets forth certain Aftermarket & Accessories Segment operating data for the three months ended June 30 (dollars are in thousands):

	2024	2023	$ Change	% Change
Revenues	$ 33,860	$ 36,829	$ (2,969)	(8.1)%
Gross profit	6,447	7,788	(1,341)	(17.2)
Selling, general & administrative expenses	1,993	2,262	(269)	(11.9)
Operating income	4,454	5,526	(1,072)	(19.4)

Revenues. The decrease in Aftermarket & Accessories Segment revenues of $3.0 million primarily resulted from lower sales volume due to decreased customer demand and the reduction of backlog in the prior period.

Gross Profit. The decrease in gross profit of $1.3 million is primarily attributable to lower sales volume. Cost of revenues decreased in line with the sales decrease of 8.1%, driven by a decrease in raw material and purchased component costs of $2.6 million, or 14.3%; offset by an increase in labor and overhead expenses of $1.0 million, or 9.1%.

As a percentage of revenues, gross profit margin was 19.0% for the three months ended June 30, 2024 compared to 21.1% for the three months ended June 30, 2023. The decrease in gross profit margin was primarily due to lower sales volumes, product mix and higher labor and benefit costs. The three months ended June 30, 2024 results include charges of $0.2 million associated with the restructuring program.

Selling, General and Administrative Expenses. SG&A expenses decreased $0.3 million for the three months ended June 30, 2024 compared to the three months ended June 30, 2023.

Industrial Automation Segment Results

Three Months Ended June 30, 2024 Compared to Three Months Ended June 30, 2023

The table below sets forth certain Industrial Automation Segment operating data for the three months ended June 30 (dollars are in thousands):

	2024	2023	$ Change	% Change
Revenues	$ 4,990	$ 9,010	$ (4,020)	(44.6)%
Gross profit (loss)	(192)	(636)	444	(69.8)
Selling, general & administrative expenses	823	1,425	(602)	(42.2)
Operating loss	(1,015)	(2,061)	1,046	(50.8)

Revenues. The decrease in Industrial Automation Segment revenues of $4.0 million primarily resulted from lower sales volume due to decreased customer demand.

Gross Loss. The decrease in negative gross profit of $0.4 million was primarily attributable to benefits from restructuring programs implemented in 2023. Cost of revenues decreased in line with the sales decrease of 44.6%, driven by a decrease in raw material and purchased component costs of $4.4 million, or 58.0%; and a decrease in labor and overhead expenses of $0.1 million, or 4.6%.

As a percentage of revenues, negative gross profit margin was 3.8% for the three months ended June 30, 2024 compared to 7.1% for the three months ended June 30, 2023. The decrease in negative gross profit margin is primarily due to benefits from restructuring programs implemented in 2023. The three months ended June 30, 2024 results include charges of $0.1 million associated with the restructuring program.

Selling, General and Administrative Expenses. SG&A expenses decreased $0.6 million for the three months ended June 30, 2024 compared to the three months ended June 30, 2023 primarily attributable to restructuring the business to be in line with decreased demand.

Consolidated Results of Operations

Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023

The table below sets forth certain consolidated operating data for the six months ended June 30, (dollars are in thousands):

	2024	2023	$ Change	% Change
Revenues	$ 461,974	$ 524,903	$ (62,929)	(12.0)%
Gross profit	47,644	73,610	(25,966)	(35.3)
Selling, general and administrative expenses	40,312	43,022	(2,710)	(6.3)
Interest expense	4,739	5,694	(955)	(16.8)
Provision for income taxes	836	5,949	(5,113)	(85.9)
Net income	1,338	18,840	(17,502)	(92.9)

Revenues. The decrease in consolidated revenues resulted from:

- a $46.9 million, or 10.9%, decrease in OEM and other revenues;
- a $6.5 million, or 8.8%, decrease in aftermarket and OES sales; and
- a $9.5 million, or 50.5%, decrease in industrial automation sales.

The decrease in revenues of $62.9 million is primarily driven by a softening in customer demand in our Electrical Systems and Vehicle Solutions segments, the wind-down of certain programs in our Vehicle Solutions segment, and a further decline in our Industrial Automation and Aftermarket segments.

Gross Profit. The $26.0 million decrease in gross profit is primarily attributable to the impact of lower sales volumes, unfavorable mix, and increased restructuring charges. Cost of revenues decreased $37.0 million, or 8.2%, as a result of a decrease in raw material and purchased component costs of $39.1 million, or 13.5%, offset by an increase in labor and overhead expenses of $2.1 million, or 1.3%. As a percentage of revenues, gross profit margin was 10.3% for the six months ended June 30, 2024 compared to 14.0% for the six months ended June 30, 2023. The six months ended June 30, 2024 results include charges of $6.4 million associated with the restructuring programs.

Selling, General and Administrative Expenses. SG&A expenses decreased $2.7 million compared to the six months ended June 30, 2023, primarily as a result of reduced incentive compensation expense, partially offset by an increase in salary expense and consulting spend during the 2024 period. As a percentage of revenues, SG&A expense was 8.7% for the six months ended June 30, 2024 compared to 8.2% for the six months ended June 30, 2023. The six months ended June 30, 2024 results include charges of $0.4 million associated with the restructuring programs.

Interest Expense. Interest associated with our debt was $4.7 million and $5.7 million for the six months ended June 30, 2024 and 2023, respectively. The decrease in interest expense primarily related to lower average debt balances offset by higher interest rates on variable rate debt during the respective comparative periods.

Provision for Income Taxes. An income tax provision of $0.8 million and $5.9 million were recorded for the six months ended June 30, 2024 and 2023, respectively. The period over period change in income tax was primarily attributable to the $22.6 million decrease in pre-tax income versus the prior year period.

In 2021, as part of the Organization for Economic Co-operation and Development's ("OECD") Inclusive Framework, 140 member countries agreed to the implementation of the Pillar Two Global Minimum Tax ("Pillar Two") of 15%. The OECD continues to release additional guidance, including administrative guidance on how Pillar Two rules should be interpreted and applied by jurisdictions as they adopt Pillar Two. These changes, when enacted by various countries in which we do business, may increase our taxes in these countries. Changes to these and other areas in relation to international tax reform, including future actions taken by foreign governments in response to Pillar Two, could increase uncertainty and may adversely affect our tax rate and cash flow in future years. We continue to evaluate the potential impact on future periods of Pillar Two, pending legislative adoption by individual countries.

Net Income. Net income was $1.3 million for the six months ended June 30, 2024 compared to $18.8 million for the six months ended June 30, 2023. The decrease in net income is attributable to the factors noted above.

Segment Results

Vehicle Solutions Segment Results

Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023

The table below sets forth certain Vehicle Solutions Segment operating data for the six months ended June 30, (dollars are in thousands):

	2024	2023	$ Change	% Change
Revenues	$ 278,814	$ 313,315	$ (34,501)	(11.0)%
Gross profit	27,785	40,374	(12,589)	(31.2)
Selling, general & administrative expenses	12,357	12,847	(490)	(3.8)
Operating income	15,428	27,527	(12,099)	(44.0)

Revenues. The decrease in Vehicle Solutions Segment revenues of $34.5 million was primarily driven by a lower customer demand and the wind-down of certain programs.

Gross Profit. The decrease in gross profit of $12.6 million was primarily attributable to lower customer demand, restructuring activities and increased freight costs. The decrease in cost of revenues was driven by a decrease in raw material and purchased component costs of $17.8 million, or 9.8%; and a decrease in labor and overhead expenses of $4.1 million, or 4.5%.

As a percentage of revenues, gross profit margin was 10.0% for the six months ended June 30, 2024 compared to 12.9% for the six months ended June 30, 2023, driven by lower customer demand, restructuring activities and increased freight costs. The six months ended June 30, 2024 results include charges of $3.5 million associated with the restructuring program.

Selling, General and Administrative Expenses. SG&A expenses decreased $0.5 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. The six months ended June 30, 2024 results include charges of $0.3 million associated with the restructuring program.

Electrical Systems Segment Results

Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023

The table below sets forth certain Electrical Systems Segment operating data for the six months ended June 30, (dollars are in thousands):

	2024	2023	$ Change	% Change
Revenues	$ 105,947	$ 118,373	$ (12,426)	(10.5)%
Gross profit	7,721	18,643	(10,922)	(58.6)
Selling, general & administrative expenses	5,202	4,914	288	5.9
Operating income	2,519	13,729	(11,210)	(81.7)

Revenues. The decrease in Electrical Systems Segment revenues of $12.4 million resulted from lower customer demand and phase out of lower margin business.

Gross Profit. The decrease in gross profit of $10.9 million is primarily attributable to lower customer demand, restructuring activities, labor inflation and unfavorable foreign exchange impacts. Cost of revenues decrease was driven by a decrease in raw material and purchased component costs of $7.4 million, or 13.1%; offset by an increase in labor and overhead expenses of $5.9 million, or 13.7%.

As a percentage of revenues, gross profit margin was 7.3% for the six months ended June 30, 2024 compared to 15.7% for the six months ended June 30, 2023, driven by lower customer demand, restructuring activities, labor inflation, and unfavorable foreign exchange impacts. The six months ended June 30, 2024 results include charges of $2.5 million associated with the restructuring program.

Selling, General and Administrative Expenses. SG&A expenses increased $0.3 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023.

Aftermarket & Accessories Segment Results

Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023

The table below sets forth certain Aftermarket & Accessories Segment operating data for the six months ended June 30, (dollars are in thousands):

	2024	2023	$ Change	% Change
Revenues	$ 67,921	$ 74,458	$ (6,537)	(8.8)%
Gross profit	12,886	15,015	(2,129)	(14.2)
Selling, general & administrative expenses	3,900	3,913	(13)	(0.3)
Operating income	8,986	11,102	(2,116)	(19.1)

Revenues. The decrease in Aftermarket & Accessories Segment revenues of $6.5 million primarily resulted from lower sales volume due to decreased customer demand and the reduction of backlog in the prior period.

Gross Profit. The decrease in gross profit of $2.1 million is primarily attributable to the lower sales volume. Cost of revenues decrease was driven by a decrease in raw material and purchased component costs of $5.3 million, or 13.9%, offset by an increase in labor and overhead expenses of $0.9 million, or 4.0%.

As a percentage of revenues, gross profit margin was 19.0% for the six months ended June 30, 2024 compared to 20.2% for the six months ended June 30, 2023. This was primarily due to lower sales volume, product mix, and higher labor and benefit costs. The six months ended June 30, 2024 results include charges of $0.2 million associated with the restructuring program.

Selling, General and Administrative Expenses. SG&A expenses for the six months ended June 30, 2024 remained consistent with the expenses incurred in the six months ended June 30, 2023.

Industrial Automation Segment Results

Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023

The table below sets forth certain Industrial Automation Segment operating data for the six months ended June 30, (dollars are in thousands):

	2024	2023	$ Change	% Change
Revenues	$ 9,292	$ 18,757	$ (9,465)	(50.5)%
Gross profit (loss)	(748)	(422)	(326)	77.3
Selling, general & administrative expenses	2,262	2,501	(239)	(9.6)
Operating (loss) income	(3,010)	(2,923)	(87)	3.0

Revenues. The decrease in Industrial Automation Segment revenues of $9.5 million primarily resulted from lower sales volume due to decreased customer demand.

Gross Loss. The increase in negative gross profit of $0.3 million is primarily attributable to lower sales volume. Cost of revenues decrease was driven by a decrease in raw material and purchased component costs of $8.6 million, or 60.0%, and a decrease in labor and overhead expenses of $0.5 million, or 10.9%.

As a percentage of revenues, negative gross profit margin was 8.0% for the six months ended June 30, 2024 compared to 2.2% for the six months ended June 30, 2023 due to the previously noted lower sales volume and fixed cost absorption. The six months ended June 30, 2024 results include charges of $0.2 million associated with the restructuring program.

Selling, General and Administrative Expenses. SG&A expenses decreased $0.2 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023, primarily driven by restructuring to be in line with the size of business partially offset by an investment in new product development.

Liquidity and Capital Resources

As of June 30, 2024, the Company had total liquidity of $192.2 million, including $39.3 million of cash and $152.9 million of availability from its U.S. and China credit facilities.

Our primary sources of liquidity as of June 30, 2024 were operating income, cash and availability under our credit facility. We believe that these sources of liquidity will provide adequate funds for our working capital needs, capital expenditures and debt service throughout the next twelve months. However, no assurance can be given that this will be the case. We also rely on the timely collection of receivables as a source of liquidity. As of June 30, 2024, we had outstanding letters of credit of $1.1 million and borrowing availability of $152.9 million from our U.S. and China credit facilities.

As of June 30, 2024, cash of $39.3 million was held by foreign subsidiaries. The Company had a $0.6 million deferred tax liability as of June 30, 2024 for the expected future income tax implications of repatriating cash from the foreign subsidiaries for which indefinite reinvestment is not expected.

Covenants and Liquidity

Our ability to comply with the covenants in the Credit Agreement, as discussed in Note 4, Debt, may be affected by economic or business conditions beyond our control. Based on our current forecast, we believe that we will be able to maintain compliance with the financial maintenance covenants and the fixed charge coverage ratio covenant and other covenants in the Credit Agreement for the next twelve months; however, no assurances can be given that we will be able to comply. We base our forecasts on historical experience, industry forecasts and other assumptions that we believe are reasonable under the circumstances. If actual results are substantially different than our current forecast, we may not be able to comply with our financial covenants.

Sources and Uses of Cash

	Six Months Ended June 30,	
	2024	2023
	(In thousands)	
Net cash provided by operating activities	$ 10,232	$ 11,522
Net cash used in investing activities	(8,066)	(9,179)
Net cash provided by financing activities	355	7,893
Effect of currency exchange rate changes on cash	(1,028)	380
Net increase in cash	$ 1,493	$ 10,616

Operating activities. For the six months ended June 30, 2024, net cash provided by operating activities was $10.2 million compared to $11.5 million for the six months ended June 30, 2023. Net cash provided by operating activities is primarily attributable to a decrease in working capital for the six months ended June 30, 2024 as compared to higher net income offset by an increase in working capital for the six months ended June 30, 2023.

Investing activities. For the six months ended June 30, 2024, net cash used in investing activities of $8.1 million compared to $9.2 million for the six months ended June 30, 2023 was mainly due to a decrease in capital expenditures, offset by $3.2 million proceeds from sale of the Company's FinishTEK business during the current period. In 2024, we expect capital expenditures to be in the range of $25 million to $30 million.

Financing activities. For the six months ended June 30, 2024, net cash provided by financing activities was $0.4 million compared to $7.9 million for the six months ended June 30, 2023. Decrease in net cash provided by financing activities in the six months ended June 30, 2024 as compared to the six months ended June 30, 2023 is primarily attributable to a decrease in borrowings under the revolving credit facility to fund the working capital.

Debt and Credit Facilities

The debt and credit facilities descriptions in Note 4, Debt are incorporated in this section by reference.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). For a comprehensive discussion of our significant accounting policies, see "Note 1. Significant Accounting Policies", to our consolidated financial statements in Item 8 in our 2023 Form 10-K.

Critical accounting estimates are those that are most important to the portrayal of our financial condition and results. These estimates require management's most difficult, subjective, or complex judgments, often as a result of the need to estimate matters that are inherently uncertain. We review the development, selection, and disclosure of our critical accounting estimates with the Audit Committee of our board of directors. For information about critical accounting estimates, see Critical Accounting Estimates in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2023 Form 10-K. At June 30, 2024, there have been no material changes to our critical accounting estimates from those disclosed in our 2023 Form 10-K.

Forward-Looking Statements

This Quarter Report on Form 10-Q contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. For this purpose, any statements contained herein that are not statements of historical fact, including without limitation, certain statements under "Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations" and located elsewhere herein regarding industry outlook, the Company's expectations for future periods with respect to closing of the recently-announced sale of its Cab Structures Business, its plans to improve financial results, the future of the Company's end markets, changes in the Class 8 and Class 5-7 North America truck build rates, performance of the global construction and agricultural equipment business, the Company's prospects in the wire harness, warehouse automation and electric vehicle markets, the Company's initiatives to address customer needs, organic growth, the Company's strategic plans and plans to focus on certain segments, competition faced by the Company, volatility in and disruption to the global economic environment, including inflation and labor shortages, financial covenant compliance, anticipated effects of acquisitions, production of new products, plans for capital expenditures and our results of operations or financial position and liquidity, may be deemed to be forward-looking statements. Without limiting the foregoing, the words "believe", "anticipate", "plan", "expect", "intend", "will", "should", "could", "would", "project", "continue", "likely", and similar expressions, as they relate to us, are intended to identify forward-looking statements. The important factors discussed in "Item 1A - Risk Factors", among others, could cause actual results to differ materially from those indicated by forward-looking statements made herein and presented elsewhere by management from time to time. Such forward-looking statements represent management's current expectations and are inherently uncertain. Investors are warned that actual results may differ from management's expectations. Additionally, various economic and competitive factors could cause actual results to differ materially from those discussed in such forward-looking statements, including, but not limited to, factors which are outside our control.

Any forward-looking statement that we make in this report speaks only as of the date of such statement, and we undertake no obligation to update any forward-looking statement or to publicly announce the results of any revision to any of those statements to reflect future events or developments. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless specifically expressed as such, and should only be viewed as historical data.

ITEM 3 – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For information relating to quantitative and qualitative disclosures about market risk, see the discussion under "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" in our 2023 Form 10-K. As of June 30, 2024, there have been no material changes in our exposure to market risk from those disclosed in our 2023 Form 10-K.

ITEM 4 – CONTROLS AND PROCEDURES

Disclosure Controls and Procedures. Our senior management is responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms.

We evaluated, the effectiveness of our disclosure controls and procedures as of June 30, 2024. Based on this evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of June 30, 2024 to provide reasonable assurance that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and that such information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting. There were no changes during the quarter ended June 30, 2024 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls. Our management, including our President and Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of error or mistake. Controls also can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

PART II. OTHER INFORMATION

ITEM 1 Legal Proceedings

We are subject to various legal proceedings and claims arising in the ordinary course of business, including, but not limited to, product liability claims, customer and supplier disputes, service provider disputes, examinations by taxing authorities, employment disputes, workers' compensation claims, unfair labor practice charges, OSHA investigations, intellectual property disputes and environmental claims arising out of the conduct of our businesses. Based upon the information available to management and discussions with legal counsel, it is the opinion of management that the ultimate outcome of the various legal actions and claims that are incidental to our business are not expected to have a material adverse impact on the consolidated financial position, results of operations, stockholders' equity or cash flows; however, such matters are subject to many uncertainties and the outcomes of individual matters are not predictable with any degree of assurance.

ITEM 1A Risk Factors

You should carefully consider the information in this Form 10-Q, the risk factors discussed in "Risk Factors" and other risks discussed in our 2023 Form 10-K and our filings with the SEC since December 31, 2023. These risks could materially and adversely affect our results of operations, financial condition, liquidity and cash flows. Our business also could be affected by risks that we are not presently aware of or that we currently consider immaterial to our operations.

ITEM 2 Unregistered Sales of Equity Securities and Use of Proceeds

We did not sell any equity securities during the six months ended June 30, 2024 that were not registered under the Securities Act of 1933, as amended. We did not repurchase any equity securities during the six months ended June 30, 2024.

ITEM 3 Defaults Upon Senior Securities

Not applicable.

ITEM 4 Mine Safety Disclosures

Not applicable.

ITEM 5 Other Information

Neither the Company nor any of our officers or directors adopted or terminated a Rule 10b5-1 or non-Rule 10b5-1 trading arrangement as defined by Item 408(a) and Item 408(d) of Regulation S-K during the last fiscal quarter.

ITEM 6 Exhibits

31.1	302 Certification by James R. Ray, President and Chief Executive Officer.
31.2	302 Certification by Andy Cheung, Executive Vice President and Chief Financial Officer.
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Interactive Data Files

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

			COMMERCIAL VEHICLE GROUP, INC.
Date:	August 5, 2024	By	*/s/ Andy Cheung*
			Chung Kin Cheung ("Andy Cheung") Chief Financial Officer (Principal Financial Officer)
Date:	August 5, 2024	By	*/s/ Angela M. O'Leary*
			Angela M. O'Leary Chief Accounting Officer (Principal Accounting Officer)

EXHIBIT 31.1

302 CERTIFICATION

I, James R. Ray, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commercial Vehicle Group, Inc. and Subsidiaries;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and audit committee of the registrant's board of directors (or persons performing the equivalent function):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 5, 2024

/s/ James R. Ray

James R. Ray
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

302 CERTIFICATION

I, Andy Cheung, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commercial Vehicle Group, Inc. and Subsidiaries;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

   d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and audit committee of the registrant’s board of directors (or persons performing the equivalent function):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

August 5, 2024

/s/ Andy Cheung

Chung Kin Cheung ("Andy Cheung")
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Commercial Vehicle Group, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James R. Ray, President and Chief Executive Officer (Principal Executive Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

August 5, 2024

/s/ James R. Ray

James R. Ray
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Commercial Vehicle Group, Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Andy Cheung, Chief Financial Officer (Principal Financial Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

August 5, 2024

/s/ Andy Cheung
Chung Kin Cheung ("Andy Cheung")
Chief Financial Officer
(Principal Financial Officer)